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DEFENSE LOGISTICS SUPPORT COMMAND  
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JUL 13 99

IN REPLY  
REFER TO DLSC-P  
PROCLTR 98

MEMORANDUM FOR PROCLTR DISTRIBUTION

SUBJECT: Contract Quality Requirements

The purpose of this PROCLTR is to forward revisions to DLAD Subpart 46.2 Higher-Level Contract Quality Requirements. The PROCLTR and the attached DLAD revisions supersede those provided in PROCLTR 97-28. The Defense Logistics Agency's (DLA) higher-level quality requirements in procurements have traditionally been identified as MIL-Q-9858 and MIL-I-45208. The Department of Defense canceled these standards in favor of commercial specifications and standards whenever possible, and recognized ISO 9000 series of quality standards as the means to satisfying the use of commercial specifications and standards. The intent is to eliminate dual processes - one for defense and the other commercial - to lower cost through a single process in any contractor facility. DLA higher-level quality requirements shall be benchmarked on ISO 9000 series standards.

The DLA procurement policy specifies that use of higher-level quality and inspection requirements is determined by contracting personnel in consultation with the local quality assurance personnel (see DLAD 46.103(b)). The contracting officer (CO) and the quality assurance specialist may make a determination to tailor the quality requirement to a level that sufficiently meets the contract requirements to avoid imposing excessive requirements on the contractor. When higher-level quality requirements apply, the contractors should be given the opportunity to use their preferred documented quality system based on ISO/American National Standards Institute (ANSI)/American Society for Quality Control (ASQC) 9000 series standards or a system that meets other recognized industry standards and that meets government requirements. The CO should select a quality system that satisfies the acquisition needs, whether it is modeled after military, commercial, national, or international quality system standards. For example, a system based on the elements of ISO 9002, tailored to meet acquisition needs, could be used to provide quality systems similar to those based on MIL-I-45208 requirements.

The Defense Contract Management Command (DCMC) shall be relied upon to evaluate any contractor's proposed system and must assure that the proposed system complies with the contract requirement (refer to DLAD 5000.4, 2.2.1.) Product and Manufacturing Assurance). DCMC will use the ISO/ANSI/ASQC 9000 as the basic framework against which it will

evaluate quality systems. These standards are the most commonly used commercial quality and inspection standards in the world. Collectively, the standards are recognized as ISO 9000.

The commercial sector has a system registration certification to administer the ISO 9000 series standards. This certification requires a thorough review and audit of a contractor's ISO 9000-based quality systems, which is followed by periodic surveys to ensure continued compliance. Third party certification is not required by DOD and shall not be required in our contracts. However, contractors may provide certification information as evidence to support the system they propose.

Under the Single Process Initiative (SPI) concept, contractors may be allowed to use their existing quality system (including those based on military standards or specifications) once it has been established that those systems meet the Government's requirement as an approved SPI (see PROCLTR 97-35).

The attachment provides the revisions to DLAD Subpart 46.2 Contract Quality Requirements at 46.202-3(b) and 52.246-9001 Manufacturing Process Controls and In-Process Inspection, 52.246-9003 Measuring and Test Equipment, 52.246-9004 Product Verification and Testing, as indicated by the bolded text.

To accommodate any necessary notification to your vendors or system changes, this PROCLTR is effective 30 days after date of issue and will expire upon implementation of the attached coverage in the DLAD or, in any event, no later than one year from its issue date. The point of contact is Ms. Diana Maykowskyj, (703)767-1364 or DSN 427-1364. Ms. Maykowskyj's e-mail address is: diana-maykowskyj@hq.dla.mil.

Attachment

#### **46.202-3 Higher-Level Contract Quality Requirements**

(b) (90) When the contracting officer, in consultation with the Quality Assurance Specialist (QAS), has determined that use of higher-level quality requirements is warranted, the contracting officer shall give contractors the option to implement a documented quality system based on the appropriate International Organization for Standardization (ISO 9000), American National Standards Institute (ANSI) or American Society for Quality Control (ASQC) Q9000 standard, or a system that meets other recognized industry (but non-ISO/ANSI/ASQC) standards, and that meets the Government's requirement. The system shall not have previously been determined by the Government to be insufficient for its purposes. In order to provide this option to suppliers contractually, FAR 52.246-11, Higher-Level Contract Quality Requirement (Government Specification), shall be used. The contracting officer shall include FAR 52.246-2, Inspection of Supplies---Fixed-Price, whenever FAR 52.246-11 is used. The blank to be filled in at subparagraph (b) of the provision shall generally contain the following, or substantially equivalent, language: "ISO 9002 or ANSI/ASQC 9002, unless otherwise specified, at the election of the contractor (contractor must indicate its preference for a particular standard(s))." The contracting officer shall recognize quality systems that satisfy the needs of the individual procurements, whether they are modeled on military, commercial, national, or international quality system standards. Some contractors may have third party certification of their quality systems, which the private sector devised to administer the ISO 9000 series standards. However, third party certification is not required. Certification information may be provided as documentation and evidence to support the system the contractor proposes.

(91) The "unless otherwise specified" wording permits not only the use of 9001 or some other applicable standard, but also the relatively infrequent use of ISO 9003, at the recommendation of the QAS, for situations where use of a commercial standard is encouraged, but ISO 9002 is considered too stringent. In the event the contractor is able to meet other recognized industry (but non-ISO/ANSI/ASQC) standards, these may also be indicated in the blank space of this subparagraph. Because use of the ISO/ANSI/ASQC standards already provide some flexibility with regard to quality systems, industry standards apart from those formalized in the ISO 9000/Q9000 series should be rarely used.

(92) If after consultation with the QAS, the contracting officer determines that higher-level quality requirements are required, the contracting officer may make a determination to reduce or tailor the requirements of ISO 9001 and 9002 if appropriate. ISO 9000 standards should be the framework against which inapplicable aspects may be excluded when tailoring the requirement.

(93) The contracting officer is encouraged to modify existing contracts to permit use of the appropriate ISO 9000/ /Q9000 standard instead of MIL-I-45208A and MILQ-9858 which have been eliminated from the active section of the Department of Defense Index of Specifications and Standards ( DISS), if the contractor and Government mutually agree to the change. This will ordinarily be accomplished at no cost to either party. The contracting officer is cautioned not to use ISO 9003 in place of a MIL-I-45208A system, since these are not equivalent systems. (The latter is more stringent as a stand-alone document.) Use of ISO 9003/Q9003 is only appropriate where conformance to requirements is to be assured solely at final inspection and testing.

(94) Any quality system proposed by the contractor shall provide for the Government's ability to audit and validate its capabilities to ensure the safety of the items and satisfaction of the customers. Additionally, during any pre- or post-award conference, the contracting officer shall stress that the quality system proposed shall be based on ISO 9000 or ANWASQC 9000 standards, or a system that meets other recognized industry standards. It shall be made clear that the contractor retains quality responsibility for the supplies or services furnished under the contract and their conformance to the contract requirements.

(95) It may be appropriate to evaluate the contractor's proposed quality system in the context of the technical evaluation portion of a best-value source selection. If evaluating a quality system is part of the technical evaluation, then quality assurance personnel should perform the evaluation of quality as the subject matter experts in ISO (or similar validated and/or certified systems).

46.202-3-90 Manufacturing Process Control and In-Process Inspections.

(1) Except for conditions cited immediately below, the clause at 52.246-9001, Manufacturing Process Controls and In-Process Inspections, shall be used in solicitations that require higher-level contract quality requirements, when a need exists to strengthen manufacturing process controls and in-process inspections to assure the integrity of the product.

(2) The clause at 52.246-9001 shall be used in clothing and textile (C&T) solicitations that require higher-level contract quality requirements in accordance with FAR 46.202.4. The clause at FAR 52.246-11, Higher-Level Contract Quality Requirement (Government Specification) and the clause at 52.246-101 shall be used in C&T solicitations for government-furnished material (GM, and shall flow down to the finisher when contractor-furnished material is a solicitation requirement. C&T solicitations for GFM shall contain coverage to ensure that higher-level contract quality requirements and the clause at 52.246-9001 are applicable to the finisher in the event a converter is awarded the prime contract.

52.246-9001 Manufacturing process controls and in process inspections.

As prescribed in 46.202-3-90. insert the following clause:

MANUFACTURING PROCESS CONTROLS AND IN-PROCESS INSPECTIONS  
(Jun 1998) - DLAD

This clause supplements paragraph 4.9 (Process Control) of ANSVASQC Q!MO2, or equivalent standards with process controls, and is applicable when the contract requires a higher-level quality system in accordance with FAR 46.202-4.

(a) Ensure that all manufacturing operations are carried out under controlled conditions which will adequately assure that product characteristics and criteria specified by contract are achieved and maintained in the produced item. Controlled conditions include documented process control and in-process inspection procedures, adequate methods for identifying and handling material, and adequate production equipment-working environments.

(b) As a minimum, perform inspections (examinations and/or tests) during manufacturing on those product characteristics which cannot be inspected at a later stage, and ensure that process controls are implemented and effective.

(1) Manufacturing processes shall be evaluated to determine which process characteristics have an effect on the quality of the produced item. These manufacturing processes shall be identified and requirements for their control shall be specified in written process control procedures.

(2) When in-process inspection of material is not practical, control by monitoring processing methods, equipment, and personnel shall be provided. Both in-process inspection and process monitoring shall be provided when control is inadequate without both.

(3) Prompt corrective action shall be taken when noncompliance or out-of-control conditions occur.

(c) Clearly identify each in-process inspection and process control point at appropriate locations in the manufacturing operation.

(d) Prepare clear, complete, and current written procedures for:

(1) Each in-process inspection. Identify: the type, frequency, and amount (sampling plan/100 percent) of inspection; product characteristics to be inspected; criteria for

approving and rejecting product; the record for documenting inspection results; and the method for identifying the inspection status or approved and rejected product.

(2) Each process control. Identify: the criteria, frequency, and records used verifying control of the process.

(3) Assessing the adequacy of in-process inspections and process controls. The contractor's quality organization shall assure by periodic surveillance that procedures are followed and are effective. Records of this surveillance will be maintained.

(e) Make the documented inspection system available for review by the government quality assurance representative prior to the initiation of production and throughout the life of the contract. The Government is under no obligation to perform verification inspection or to accept products produced under the contract until the Government has received acceptable written procedures, and has been afforded the opportunity to evaluate the inspection system. Acceptance of the contractor's inspection system by the Government does not bind the Government to accept any nonconforming supplies that may be produced by the contractor. Periodic evaluations of the system may be made by the Government throughout the life of the contract.

(End of clause)

52.246-9003 Measuring and test equipment.

As prescribed in 46.391, insert the following clause:

MEASURING AND TEST EQUIPMENT (Jun 1998) - DLAD

Notwithstanding any other clause to the contrary, and/or in addition thereto, the contractor shall ensure that the gauges and other measuring and testing equipment used in determining whether the supplies presented to the Government for acceptance under this contract, tkily conform to specified technical requirements and are calibrated in accordance with ISO 10012-1 or ANWNCLS Z!WJ-1.

(End of Clause)

52.246-9004 **Product verification testing.**

As prescribed in 46.392, insert the following clause:

PRODUCT VERIFICATION TESTING (Jun 1998) - DLAD

(a) References: The applicable documents are the issues of Federal Acquisition Regulation (FAR) clause 52.246-2, "Inspection of Supplies-Fixed-Price," and ANSI/ASQC Z1.41993, Sampling Plan and Tables for Inspection by Attributes, which are in effect on the date of solicitation for awards resulting from Invitation for Bids and the date of award for all other contractual actions. These documents form the basis for the Government's right to perform product verification testing (PVT) of this product. FAR 52.246-2 is hereby incorporated by reference into the contract if not otherwise called out in the purchase document.

(b) The contractor is responsible for ensuring that supplies are manufactured, produced, and subjected to all tests required by applicable material specifications/drawings specified in the purchase description of this contract. Notwithstanding any other clause to the contrary, and/or in addition thereto, the Government reserves the right to conduct PVT to ascertain if any or all requirements of the purchase identification description contained elsewhere herein are met prior to final acceptance.

(c) On any given contract, the Government may require PVT through a government designated testing laboratory on the contract or production lot at government expense. Testing will consist of chemical and/or mechanical/dimensional conformance tests as the Government deems necessary. When material under the contract is designated by the Contracting Officer/Administrative Officer for each test, the government inspector will select a random sample from the contract or production lot, and send the samples to a designated laboratory for testing. Where origin inspection is specified, the contractor agrees to make available, at the Government's request, at the manufacturing facility, subcontracting facility, and/or final point of inspection, the quantity selected by the contract administrative office quality assurance representative to verify that the entire lot tendered meets the requirements of the contract. The Government shall be permitted to select such samples at random from the production lot tendered for acceptance.

(d) [This subparagraph pertains only to contracts and bilateral purchase orders.]

(I) The PVT samples will be sent, by the Government at government expense, to a government-designated testing laboratory for product verification. The Government will notify the contractor of the results of the testing within 15 working days of receipt of the samples by the Government. If the Government fails to act within the period set forth herein



for notification, the contracting officer shall, upon timely written request, equitably adjust, under the Changes clause of this contract, the delivery or performance dates and/or the contract price and any other contractual terms affected by the delay. The Government is not required to accept/reject the supplies tendered until after receipt of the PVT test results.

(2) The Government shall have the option to require the contractor to screen the entire lot tendered for any defects noted by the PVT testing. Any defects found shall be corrected before retendering the lot for acceptance by the Government. Further, the Government may subject this lot to additional PVT testing. If the Government disapproves the lot tendered for acceptance because of a failure to pass the PVT, the contractor shall be deemed to have failed to make delivery within the meaning of the Default clause of this contract. In such case, the Government reserves all rights to remedies to which it is otherwise entitled by law, regulation, or this contract.

(e) [This subparagraph pertains only to unilateral purchase orders.]

(1) The PVT samples will be sent by the Government and at government expense, to a government-designated testing laboratory for product verification. The Government will notify the contractor of the results of the testing within 15 days after receipt of the samples. If the Government fails to act within the specified time period set forth herein for notification, the contracting officer shall, upon timely written request from the contractor, incorporate FAR clause 52.243-1, "Changes Fixed-Price," into the purchase order, and equitably adjust the delivery or performance date and/or the price and any other terms affected by the delay. The Government is not required to accept/reject the supplies tendered until after the PVT test results.

(2) The Government shall have the option to require the contractor to screen the entire lot tendered for any defects noted by the PVT. Any defects so found shall be corrected before retendering the lot for acceptance by the Government. Further, the Government may subject this lot to additional PVT. If the Government disapproves the lot tendered for acceptance because of a failure to pass the PVT, the Government has the right to reject the entire offer, thereby releasing the parties from further obligations under the purchase order.

(End of clause)